CANADA NORTHWEST LAND LIMITED

ANNUAL REPORT 1969

CANADA NORTHWEST LAND LIMITED

HIGHLIGHTS

OPERATIONS

	1969	1968
Production (net after royalties)		
Working Interest Bbls.	38,300	23,200
Royalties Bbls	68,100	72,600
Total Bbls.	106,400	95,800
Gross Producing Wells		
Working Interest	27	9
Royalty	38	36
Total	65	45
Proven & Probable Reserves (net after royalties)		
Oil		
Working Interest Bbls.	302,800	52,400
Royalty Bbls.	696,500	641,700
Total Oil Bbls.	999,300	694,100
Gas		
Working Interest MMcf.	21,471	—
Total Mineral Rights, Acres	242,179	242,972
Lease, Permits, Gas Licences, Net Acres	1,380,926	592
Mineral Exploration Permits and Claims, Net Acres	364,997	45,000

FINANCIAL

	1969	1968
Gross Revenue *	$ 426,706	$ 321,440
Cash Flow	$ 172,477	$ 212,381
Net Earnings	$ 77,100	$ 125,509
Dividends per share	5¢	7.5¢
Shares Outstanding (Following 20-1 split)	1,423,820	1,173,820

*Including non-recurring items

Canada Northwest Land Limited

SEVENTY SEVENTH ANNUAL REPORT

December 31, 1969

Directors

J. M. Alston	Calgary, Alberta
H. G. Gammell	Calgary, Alberta
N. E. Goodman	Montreal, P.Que.
H. J. Mockler	Montreal, P.Que.
L. A. M. Reford	Montreal, P.Que.
M. S. Reford	Lucerne, P.Que.
Rt. Hon. Lord Shaughnessy	Montreal, P.Que.
M. M. Sinclair	Toronto, Ontario

Officers

H. G. Gammell	President
Rt. Hon. Lord Shaughnessy	Vice-President & Secretary
J. M. Alston	Manager Operations

Bankers — Royal Bank of Canada

Transfer Agents — Canada Permanent Trust Co.
Calgary and Toronto.

Auditors — Clarkson Gordon & Co.

Listing — Toronto Stock Exchange, Industrial Section

Head Office — 920 Three Calgary Place
355 - 4th Avenue, S.W.
Calgary 1, Alberta

TO THE SHAREHOLDERS:

During the year under review, this company has experienced dramatic reorganization of its objectives, its operating philosophy and its corporate structure.

Inevitably, the major changes instituted have created problems which are reflected in the financial statements for 1969. General and administrative expenses were substantially greater than for 1968. Depletion charges were 28.3% higher, and operating costs rose in relation to the company's new approach to the development of its potential in petroleum, natural gas and mineral resources.

On the other hand, acreage holdings and gas and oil reserves have grown appreciably. Our corporate character and method of operation have been modernized. And the Directors are confident that, as a result, significant improvements in income and internal efficiency can be expected in 1970 and ensuing years.

Three years ago The Canada North-west Land Company (Limited) — as it was then — started exploration by participating in other companies' drilling programs. This move was dictated by a desire both to reduce taxes and stabilize income through diversification. The record of achievement in this program was sufficiently satisfactory that the company, last year, took the larger step of operating on its own. Apart from hopes of improved profitability, it was felt that 1969 was an opportune time to start actively exploring in Canada and elsewhere.

Canada's natural resources — particularly hydrocarbons — are becoming increasingly valuable as supplies close to the large U.S. consuming areas are used up. Every year it becomes clearer that the U.S. — once a net exporter of hydrocarbons — will be unable, in the future, to supply its own needs at competitive prices. In practical terms this means that competition for places in the Canadian exploration race will continue to intensify as U.S. explorers add their efforts to those of local companies to find the supplies needed. Many estimates have been made of the expected demand on Canadian supplies but even the most conservative forecast a doubling of Canadian output by 1980. These supplies will be found, provided Canada continues to maintain equitable taxation, a favourable regulatory climate and a competitive energy price structure. Because the Canadian Government is attempting to overhaul its tax structure, there is some uncertainty at present. Some of the proposals being put forward might affect the ability of Canadians to participate in, and of Canada to be the focus for, exploratory activity.

Canada Northwest Land Limited, because of its land position and background, is particularly well placed to benefit from the increasing competition for minerals. First set up before the turn of the century to settle Crown grant farm lands, it retained, from this phase of its corporate life, 243,000 acres of mineral rights in fee simple in oil areas of the three prairie provinces. Income from wells drilled by others on these mineral rights (mainly in southeastern Saskatchewan) is the foundation of the present company. In 1969, to widen its exposure to other areas with oil and gas potential, the company acquired additional exploratory acreage in Alberta and the Northwest Territories, and some producing properties in Alberta and Saskatchewan. To support these acquisitions and an enlarged staff, a series of private financings was arranged. In addition to pure acreage acquisition, the company was in a position to participate in a sizeable drilling program at low cost by bringing in outside partners. It is hoped that this type of program can be continued and expanded.

While the company appears to be changing a great deal, its policy will still retain the emphasis on land, either at or beneath the surface.

FINANCIAL:

Compared with 1968, gross revenue (including profits on the sale of securities) gained 33% to $427,000. Less of the company's mineral rights were under lease by the end of the year (because of lower industry interest in southeast Saskatchewan), and this was reflected in lower rental and bonus income although royalty income remained relatively constant. However, the decline in this type of income was more than offset by gains in working interest production income, management fees and investment income. Since the company purchased producing properties late in the year (some of which required development), the full effect of the new production will not be felt till 1970.

General and administrative expenses increased from $48,000 in 1968 to $186,000 in 1969 largely due to the establishment of an operational office in Calgary and a complete overhaul of the corporate and financial structure of the company. About $40,000 of these expenses are considered to be non-recurring. The operational staff now consists of seven people, including Messrs. John M. Alston and N. E. Brown, geologists with many years of exploration experience, well able to conduct a full fledged exploration program. Other charges, including depletion and operating costs, were also higher reflecting the much expanded drilling, land and production acquisition programs. Provincial mineral taxes were increased from 3¢ per acre to 10¢ per acre. As expected when the company became more active, cash flow and net earnings were lower than in the previous year. Cash flow was down 19% from $212,000 in 1968 to $172,000 in 1969 and net earnings were down 39% from $126,000 in 1968 to $77,100 in 1969. During the year $1.7 million was spent on acquisitions, exploration and development, up from $125,000 the previous year.

During 1969 the company sold 200,000 treasury shares to two institutions for $650,000. These funds were used for land and production acquisition and drilling. In November, commitments were received from four institutions to purchase $1.1 million of a 7½% Convertible Subordinated Debenture maturing on February 23rd, 1985. This Debenture is convertible into common stock at $3

per share up to February 23rd, 1972, at $4.30 to February 23rd, 1977 and $8.60 to February 23rd, 1982. With these commitments in hand the company proceeded with its development program at Tweedie which was financed by short term borrowing from the bank. These borrowings were repaid in full early in March when the Debenture sale was completed.

In view of the new policy of expansion it was decided by the Directors to omit a dividend on the common shares in 1970.

ACQUISITIONS — PRODUCTION:

Early in 1969 all of the assets of Jason Oils Ltd. — a private exploration and production company — were acquired for 50,000 shares of treasury stock. This acquisition provided the company with operating staff and additional Saskatchewan production.

In August, a 2.40% interest in the House Mountain Unit #3 in Alberta was acquired for $135,000 cash.

In September, interests in properties in the Tweedie gas area near Lac La Biche north of Edmonton, were acquired from Canadian Delhi Oil Ltd. This area is more fully discussed in the next section.

In 1969 oil production rose by 11% over 1968 while oil reserves rose by 44%, improving the life index from 7.2 years to 9.4 years.

EXPLORATION AND LAND ACQUISITION:

An aggressive policy of acreage acquisition was followed during the year resulting in a substantial increase in the land holdings of the company. While the mineral rights holdings were relatively static, net interests in P & N G permits and leases increased from 600 acres to almost 1.4 million acres, while interests in mineral permits and mining claims increased from 45,000 acres to 365,000 acres.

Arctic Islands:

Interests in 2.4 million gross permit acres (net 946,000 acres) were acquired in six areas of interest. Two of these, totalling 837,000 acres (net 415,000 acres) are situated on Ellesmere Island. Two others totalling 1,093,000 acres (net 273,000 acres) are within 50 miles offshore north and west of Prince Patrick Island and one, totalling 201,000 acres (net 50,250 acres) is 80 miles west of Bank's Island. The latter block lies 300 miles north of the recent Imperial Oil discovery east of the MacKenzie River delta.

Probably the most interesting block lies 60 miles northeast of the Panarctic Drake Point gas discovery wells and in the axis of the highly prospective Sverdrup Basin. This block totals 230,000 acres (net 207,000 acres) and is situated 15 miles offshore southwest of Lougheed Island where a deep test is planned during the next year and a half. Panarctic's currently drilling Hoodoo Dome hole is located 120 miles to the northeast and the recently announced Elf Cape Norema hole on MacKenzie King Island is located 60 miles to the northwest.

These acreage acquisitions have given the company good exposure in one of the world's newest and hottest exploration areas.

Jumping Pound — Bragg Creek:

Lease interests totalling 3,680 acres (net 1,470 acres) and a seismic option on another 4,640 acres, have been acquired in the area between the Jumping Pound and West Jumping gas fields. Negotiations are well advanced to farm out 50% interest in this acreage for a deep test to be drilled within the year. In the Bragg Creek area, 6 miles southwest of the Jumping Pound parcels and along trend from the Whiskey Creek gas field, the company has lease interests in 2,080 acres (net 1,560 acres).

Tunisia:

The company is part of a group of Canadian companies who have made application to the Tunisian Government for 3.8 million acres of permits (of which our share is 380,000 net acres) in three areas. The country has proven oil potential but is still in an early stage of exploration. Aside from the oil potential, Tunisia is close to Europe and enjoys a stable government and is therefore likely to become of intense interest. Two of the permit areas are offshore, one in the Gulf of Tunis in the northern part of the country, and one to the south in the Gulf of Gabes. The third permit lies in the extreme southwestern portion of the country close to a recent discovery in Algeria.

Ravenscrag, Saskatchewan:

Further investigations of these mineral permits in southwest Saskatchewan, which were farmed out in 1968, failed to turn up uranium accumulations of interest and the lands were dropped at the end of 1969.

Tweedie, Alberta:

A 90% interest in the former Canadian Delhi Oil Ltd. properties in the Tweedie gas field near Lac La Biche north of Edmonton, was acquired for $266,000. The property consisted of 22,950 acres of leases and five capped gas wells. Subsequently, an adjoining 22,080 acre gas license was purchased and six holes were drilled. All were Cretaceous sand gas wells but three which were drilled deeper are also Devonian Grosmont Reef gas wells. Sales are expected to start in 1970.

Saskatchewan:

The company's joint drilling programs — to which a group of U.S. individuals and Canadian mining and oil companies contributed — resulted in the drilling of 13 holes, one of which was a producer. Two others were of sufficient interest that further activity may be indicated. Despite the slowdown in activity in Saskatchewan, a total of six holes were drilled by other companies on Canada Northwest Land's mineral rights, two of which were producers. The company maintains a royalty interest in these wells. As a reflection of the decline in activity in Saskatchewan, the company's acreage under lease declined from 50,073 acres at the end of 1968 to 19,667 acres at the end of 1969.

MINERAL EXPLORATION —
Northwest Territories:

Following the Wollaston Lake uranium discovery in northern Saskatchewan, the company acquired four permits (gross 728,000 acres, net 364,000 acres) lying 250 miles northeast of the find and possibly in a similar geological setting. Two of the permits in the Nueltin Lake Area were farmed out to a mining group who have conducted preliminary surveys over the permits and similar work was conducted over the other two in the Sid and Tyrell Lake Area by the company. Additional work is planned on all the permits in 1970.

Other—

Small investments were made in a prospective tin property (Anglo Northern Mines Ltd.) in Cornwall, England and a mercury prospect in the Copper Creek area of British Columbia. Exploration work is being conducted over both properties.

CORPORATE CHANGES:

In keeping with its more active role, the company's corporate structure — which with a few minor modifications had remained essentially the same as set up in 1893 — had to be made more flexible. A new Bylaw which provided for moving the head office to Calgary and modernizing the internal structure of the company, was passed by the shareholders at the annual meeting in the Spring. However, a more serious obstacle was the Special Act status which forced the company to go to Parliament for each change in objects or corporate structure. The solution was to have an Act passed allowing the company to bring itself under the Canada Corporations Act and this was done in June. In September, the shareholders approved a new charter which provided for a shorter name, a 20 for 1 split in the common shares and a redefinition of the company's objects. Other unnecessary provisions were eliminated. The common share split was effected by sending, to each shareholder, a share certificate for an additional 19 new shares for each old one held. Trading of the new shares commenced October 29th. In order to assist shareholders, The Canada Permanent Trust Co. has been appointed Transfer Agent in Calgary as well as in Toronto.

The company's Winnipeg office was closed during the year and its land record function moved to Calgary.

OFFICERS AND DIRECTORS:

As mentioned in last year's Annual Report, four Directors, Miss E. L. Cassidy, Messrs. H. R. Jackman, G. H. Osler and T. A. Relyea resigned in January, 1969, and were replaced by Messrs. H. J. Mockler, N. E. Goodman, M. M. Sinclair and L. A. M. Reford. In February, Mrs. M. B. Russell retired as Secretary and was replaced by Lord Shaughnessy who was also appointed a Vice-President. In June, Mr. L. E. Reford retired from the Board and was replaced by Mr. John M. Alston. Mr. Reford was first elected to the Board in 1946; was appointed Vice-President in 1954, President in 1964 and Chairman at the beginning of 1969, and presided over the company's affairs during its reactivation. The wise counsel and good judgement of all of these Directors during the periods they served on the Board is sincerely appreciated.

Tribute must also be paid to the devotion and efforts of the new employees of the company during the last year; a time of considerable upheaval and change.

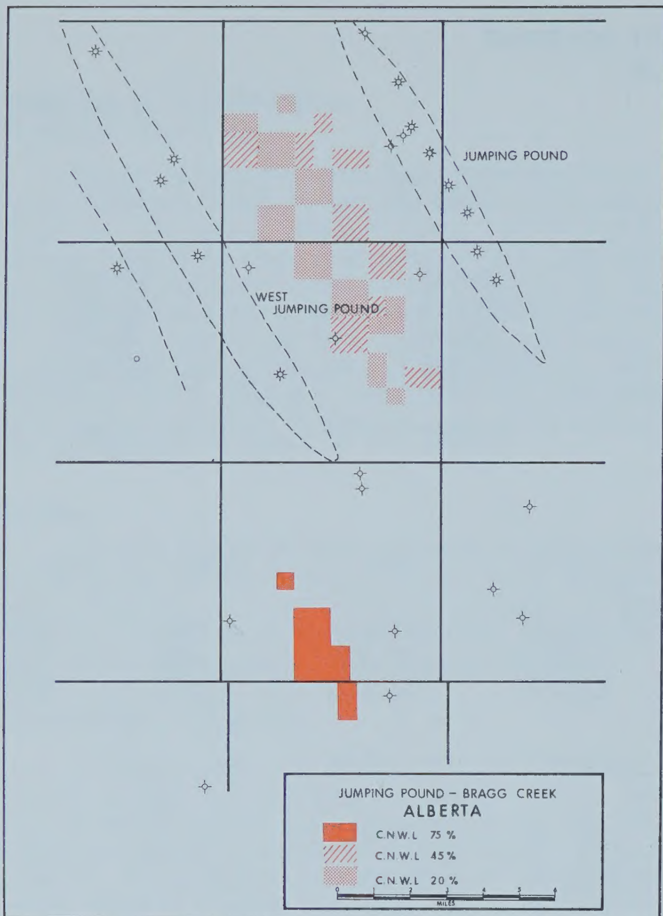
H. G. GAMMELL,

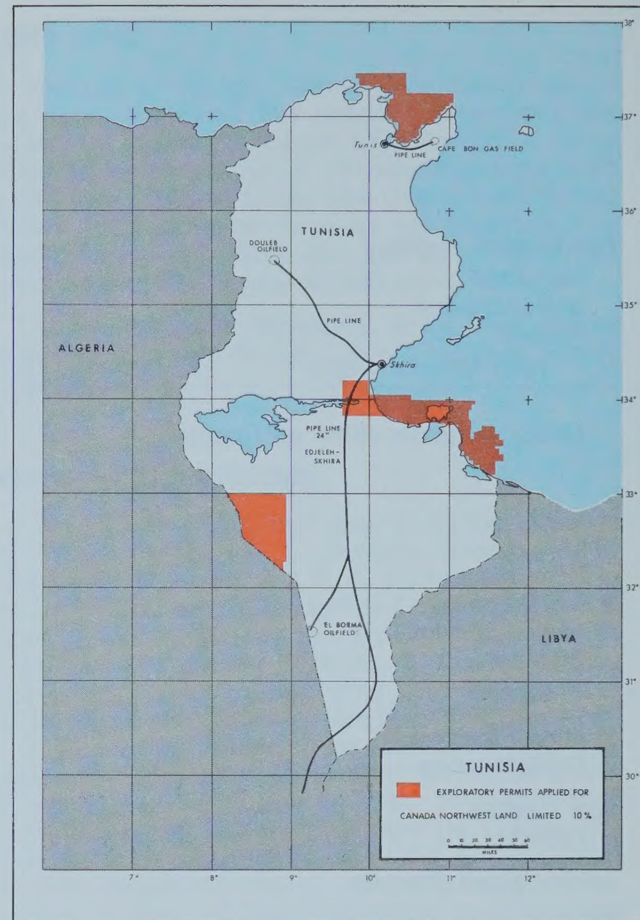
February 27th, 1970 President.

LAND AND ROYALTY HOLDINGS
IN ACRES

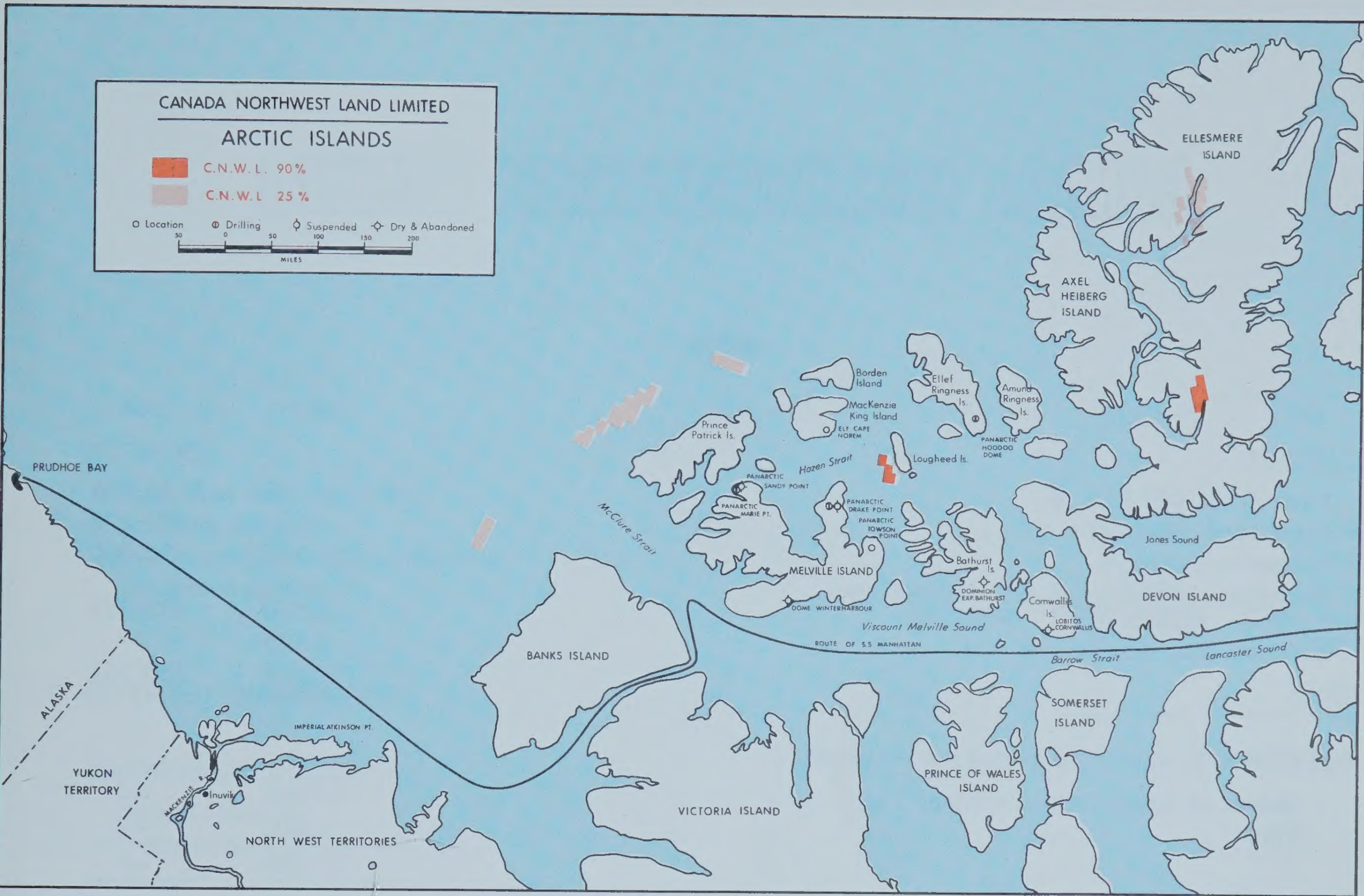
	1969	1968
Fee Mineral Rights		
Manitoba	33,603	33,742
Saskatchewan	202,148	202,802
Alberta	6,428	6,428
Total Mineral Rights	242,179	242,972
Under lease to other companies	19,667	50,073

	1969 Gross	1969 Net	1968 Gross	1968 Net
P & N G Leases				
Saskatchewan	7,040	3,672	800	400
Alberta	37,314	26,638	480	192
Total	44,354	30,310	1,280	592
Drilling Reservation				
Saskatchewan	3,040	2,736	—	—
Gas License				
Alberta	22,080	22,080	—	—
Arctic Island Permits	2,361,782	945,800	—	—
Tunisia				
Exploratory Permits (Applied For)	3,800,000	380,000	—	—
Total P & N G Acreage	6,231,256	1,380,926	1,280	592
Mineral Exploration Permits				
Saskatchewan			450,000	45,000
Northwest Territories	728,795	364,397	—	—
Mining Claims				
British Columbia	3,000	600	—	—
Total Mineral Acreage	731,795	364,997	450,000	45,000


JUMPING POUND
WEST JUMPING POUND
JUMPING POUND – BRAGG CREEK
ALBERTA
C.N.W.L 75 %
C.N.W.L 45 %
C.N.W.L 20 %
MILES


TUNISIA
ALGERIA
LIBYA
Tunis
CAPE BON GAS FIELD
PIPE LINE
DOULEB OILFIELD
Skhira
PIPE LINE 24"
EDJELEH-SKHIRA
EL BORMA OILFIELD
TUNISIA
EXPLORATORY PERMITS APPLIED FOR
CANADA NORTHWEST LAND LIMITED 10 %
MILES


R.14
R.13
R.12 W.4 M.
T.69
T.68
TWEEDIE AREA
ALBERTA
C.N.W.L 100 %
C.N.W.L 75 %
Gas Well
Abandoned
SCALE IN MILES
1 0 1 2 3 4 5



AUDITORS' REPORT

To the Shareholders of
Canada Northwest Land Limited

We have examined the consolidated balance sheet of Canada Northwest Land Limited and its subsidiary as at December 31, 1969 and the consolidated statements of income, retained earnings, capital surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the change in accounting for mineral rights explained in Note 5 to the financial statements.

Calgary, Alberta.
March 16, 1970.

CLARKSON, GORDON & CO.
Chartered Accountants.

CANADA NORTHWEST LAND LIMITED

Assets

	1969	1968
CURRENT:		
Cash	$ 25	$ 55,894
Short term notes	—	230,226
Accounts receivable	155,267	13,350
Marketable securities, at cost (market value 1969 - $9,685; 1968 - $440,788 -	10,530	378,321
Materials and supplies - at cost	6,426	—
	172,248	677,791
INVESTMENTS - at cost (no quoted market value):		
Shares of Anglo Northern Mines Ltd.	23,050	—
Other	4,000	—
	27,050	—
MINERAL RIGHTS — AT NOMINAL VALUE (Note 5)	1	1
PROPERTY, PLANT AND EQUIPMENT (Note 2):		
Oil and gas properties at cost less accumulated depletion (1969 - $173,535; 1968 - $72,444)	1,773,896	139,538
Production and other equipment at cost less accumulated depreciation (1969 - $43,970; 1968 - $28,453)	109,128	55,374
	1,883,024	194,912
OTHER — AT COST:		
Refundable deposits	51,629	—
Share issue expenses less amounts written off	19,788	—
5% special refundable tax	—	4,385
	71,417	4,385
	$2,153,740	$877,089

See Accompanying Notes.

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1969 AND 1968

Liabilities

	1969	1968
CURRENT:		
Bank loan and overdraft	$ 418,180	$ —
Accounts payable	103,996	6,028
Income and other taxes payable	—	4,581
Unclaimed dividends	8,996	11,285
	531,172	21,894
DEFERRED INCOME TAXES	—	1,000
SHAREHOLDERS' EQUITY:		
Capital (Note 4) -		
Authorized:		
6,000,000 common shares of no par value		
Issued:		
1,423,820 common shares (1968 - 1,173,820 shares)	809,049	59,085
Retained earnings	813,519	795,110
	1,622,568	854,195
	$2,153,740	$877,089

On behalf of the Board:

H. G. GAMMELL
Director.

J. M. ALSTON
Director.

Canada Northwest Land Limited

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1969 AND 1968

	1969	1968
Income:		
Oil royalties	$156,610	$167,202
Oil sales after royalties	86,102	52,222
Rents and bonuses	16,696	80,796
Profits on drilling arrangements	24,625	—
Dividends and interest	29,988	21,220
Other	28,131	—
	342,152	321,440
Deduct:		
Operating expenses	45,444	27,572
General and administrative expenses	185,985	47,971
Mineral taxes	22,800	6,516
	254,229	82,059
Income before the following	87,923	239,381
Deduct:		
Depletion	84,979	62,254
Depreciation	6,451	24,618
Amortization of share issue expenses	4,947	—
	96,377	86,872
Income (loss) before extraordinary item	(8,454)	152,509
Income taxes (Note 3)	(1,000)	27,000
Income (loss) before extrodinary item	(7,454)	$125,509
Profit on sale of securities	84,554	—
Net income for the year	$ 77,100	$125,509

See Accompanying Notes.

CONSOLIDATED STATEMENT OF CAPITAL SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1969

Balance at beginning of year (unchanged during previous year)		$ 3,051,148
Deduct:		
Write down of mineral rights to nominal value (Note 5)	$ 1,613,506	
Transfer to retained earnings (Note 6)	1,437,642	3,051,148
Balance at end of year		$ Nil

CANADA NORTHWEST LAND LIMITED

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1969 AND 1968

	1969	1968
Balance of deficit at beginning of year as previously reported	$(1,356,516)	$(1,325,486)
Add:		
Transfer from capital surplus (Note 6)	1,437,642	1,437,642
Reversal of accumulated depletion on mineral rights (Note 5)	713,984	645,482
Balance at beginning of year, as restated	795,110	757,638
Add net income for the year	77,100	125,509
	872,210	883,147
Less dividend paid	58,691	88,037
Balance at end of year	$ 813,519	$ 795,110

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEARS ENDED DECEMBER 31, 1969 AND 1968

	1969	1968
Source of funds:		
Net income for the year	$ 77,100	$ 125,509
Add non-cash charges for -		
Depletion	84,979	62,254
Depreciation	6,451	24,618
Amortization of share issue expenses	4,947	—
Deferred income taxes	(1,000)	(3,000)
	172,477	209,381
Issue of common shares	749,964	—
Special refundable tax	4,385	2,605
	926,826	211,986
Application of funds		
Investment in shares of Jason Oils Ltd.	100,000	—
Add working capital deficit at date of acquisition	28,995	—
	128,995	—
Purchases of oil and gas properties	1,631,629	87,840
Expenditures on production and other equipment	36,232	37,092
Dividend paid	58,691	88,037
Refundable deposits	34,315	—
Investments	27,050	—
Share issue expense	24,735	—
	1,941,647	212,969
Decrease in working capital	$1,014,821	$ 983

See Accompanying Notes.

CANADA NORTHWEST LAND LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1969

1. Principles of consolidation and acquisition of Jason Oils Ltd.

The consolidated financial statements include the accounts of Canada Northwest Land Limited and its wholly-owned subsidiary Jason Oils Ltd.

Effective January 1, 1969, all the outstanding common shares of Jason Oils Ltd. (now CNW Oil Limited) were acquired for 50,000 shares of the Company valued at $100,000. The excess of the cost of the shares of Jason Oils Ltd. over the net book value of its assets at date of acquisition is attributable to property and equipment and is included therein in the accompanying consolidated balance sheet.

2. Accounting practices

The companies follow the full-cost method of accounting wherein all costs relative to the exploration for and the development of oil reserves, whether productive or non-productive, are capitalized and depleted on the composite unit-of-production method based on estimated proven reserves of oil and gas. Depreciation of production equipment is provided on the composite unit-of-production basis.

Share issue expenses have been deferred and are being amortized over a five year period.

3. Income taxes

At December 31, 1969 the companies had drilling, exploration and property acquisition costs of approximately $1,600,000 available to be applied against future income.

4. Share capital

In addition to the shares issued in the acquisition of Jason Oils Ltd. (See Note 1), during the year ended December 31, 1969, 200,000 common shares were issued for $649,964 cash.

By Supplementary Letters Patent dated Sept. 29, 1969, the share capital of the Company was altered by; the cancellation of the 3,000,000 unissued 2% non-cumulative preferred shares, the cancellation of 759,551 unissued common shares, the alteration of the remaining 300,000 common shares from shares of $1 par value each to shares of no par value and the subdivision of each common share, whether issued or unissued, into 20 common shares so that the authorized common share capital increased from 300,000 shares to 6,000,000 shares and the issued common share capital increased from 71,191 shares to 1,423,820 shares. For comparative purposes the 58,691 outstanding common shares at December 31, 1968 have been shown on the subdivided basis.

At December 31, 1969 options were outstanding to officers and employees to purchase 120,000 shares at prices ranging from $3.00 to $3.50 per share, exercisable on various dates to December 31, 1973. In addition 7,880 shares were reserved for the conversion of fractional shares outstanding prior to the subdivision mentioned above.

5. Mineral rights

In 1962 the Company appraised its mineral rights at $1,613,507 and credited capital surplus. Effective January 1, 1969 the Company reduced the carrying value of its mineral rights to $1 and charged $1,613,506 to capital surplus. Depletion of mineral rights in the amount of $713,954 charged to income in prior years was credited to retained earnings. The 1968 figures have been changed for comparative purposes.

6. Capital surplus

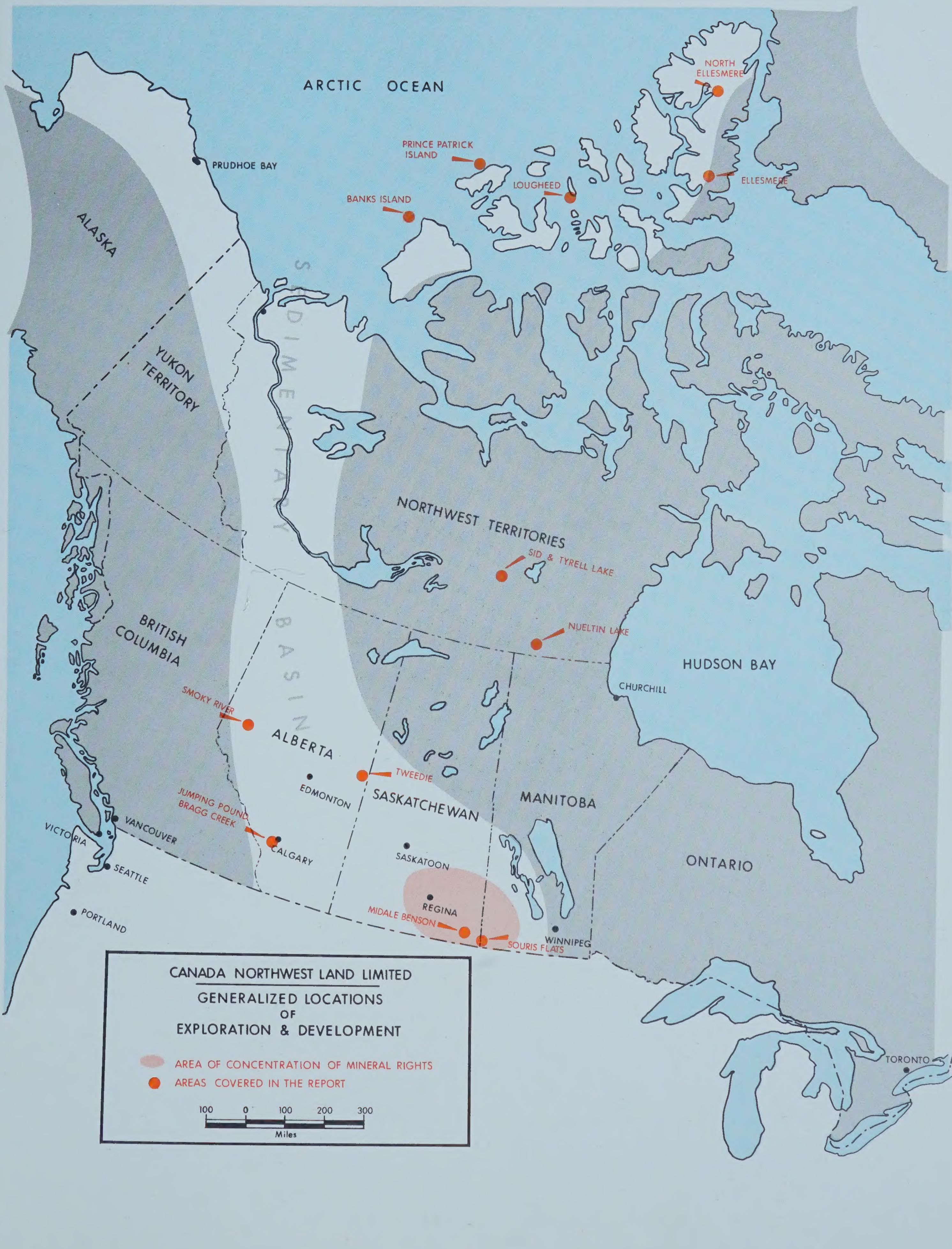
The balance of the capital surplus account, remaining after the reversal of the appraisal adjustment referred to in Note 5, representing prior years operating profits was credited to retained earnings.

7. Change of name

During the year the Company's name was changed from The Canada North-west Land Company (Limited) to Canada Northwest Land Limited.

8. Remuneration of directors and senior officers

The total remuneration paid to the directors and senior officers of the Company during 1969 amounted to $67,590 which includes $54,770 paid to directors in their capacity as officers or employees and directors fees of $4,500.


ARCTIC OCEAN
PRUDHOE BAY
ALASKA
YUKON TERRITORY
SEDIMENTARY BASIN
NORTH ELLESMERE
PRINCE PATRICK ISLAND
LOUGHEED
ELLESMERE
BANKS ISLAND
NORTHWEST TERRITORIES
SID & TYRELL LAKE
NUELTIN LAKE
HUDSON BAY
CHURCHILL
BRITISH COLUMBIA
SMOKY RIVER
ALBERTA
TWEEDIE
EDMONTON
SASKATCHEWAN
MANITOBA
JUMPING POUND
BRAGG CREEK
CALGARY
VANCOUVER
VICTORIA
SEATTLE
PORTLAND
SASKATOON
REGINA
MIDALE BENSON
SOURIS FLATS
WINNIPEG
ONTARIO
TORONTO
CANADA NORTHWEST LAND LIMITED
GENERALIZED LOCATIONS OF EXPLORATION & DEVELOPMENT
AREA OF CONCENTRATION OF MINERAL RIGHTS
AREAS COVERED IN THE REPORT
100 0 100 200 300
Miles

CNW

THE CANADA NORTH-WEST LAND COMPANY (LIMITED)

Interim Statement
to
Shareholders
for
the six months
ending
June 30, 1969.

File

September 1969

To the Shareholders:

1. Financial:

In the first six months of 1969, gross revenue levels were little changed from 1968. Higher production, investment and other income was offset by lower royalty, rental and bonus income. Similarly, lower operating costs were more than offset by substantially higher general and administrative costs due to enlarged staff. A non-recurring profit on the sale of the company's security portfolio boosted earnings to the same level for the first six months of 1969 as for all of 1968.

2. Corporate Structure:

In June, the company succeeded in having a Bill passed by Parliament allowing it to alter its Charter by Letters Patent rather than by amendments to its Special Act of Incorporation. This does not mean that the company loses its Special Act status but rather that it has greater freedom to alter its corporate structure. Several changes are proposed for the Charter and these will be considered at a shareholders' meeting on September 22nd, 1969.

The proposed changes will result in a corporate structure more in keeping with the company's natural resources development activities. Probably the most significant item will be a 20 for 1 split in the number of common shares. It is expected that this will improve the market for the shares, which should lay a good foundation for future financing. Other changes involve a broadening of the provisions of the authorized but unissued preferred shares, a reduction in the number of authorized common shares and a change in the name to CANADA NORTHWEST LAND LTD.

3. Land Acquisition:

Probably the most interesting exploration news in Western Canada in the first half of 1969 were the reported oil and gas shows in the Panarctic Drake Point hole being drilled on Melville Island in the Canadian Arctic. In order to gain exposure to this play, the company acquired a net one million permit acres in three Arctic areas: 230,000 acres offshore 60 miles northeast of the Drake Point hole; 330,000 acres on Ellsmere Island; and 1.8 million acres offshore west of Prince Patrick Island, a total of 2.4 million gross permit acres. This is probably the most important exploration move the company has made to date, in view of the great potential of this part of Northern Canada.

Two of the four Northwest Territories' mineral exploration permits acquired in the spring, 250 miles northeast of Wollaston Lake, have been farmed out to a mining group. Exploratory surveys are being conducted on all four permit areas at present.

In Alberta, an option has been acquired in the Jumping Pound area covering an additional 4,500 acres of leases adjoining the 2,500 acres already held by the company and its partners. Surveys will be conducted before a decision is made on drilling.

4. Drilling:

In the first half, all of the company's drilling activities were centered in southeast Saskatchewan. The first multi-well program has been sold to investors and by the end of July the first hole was drilling at Browning. Four more holes are planned in this program, and a second five-hole program will be offered to investors later in the year.

One new producer was drilled at Benson by the company and partners, and a well at Parkman was reworked to improve production. A hole drilled on a farmout from the company at Viewfield was dry but encountered encouraging shows and a follow-up is being planned. In September, the company will also participate in a hole at North Innes.

5. Directors:

Mr. L. E. Reford has retired from his position of Chairman and Director and has been replaced by Mr. J. M. Alston, Operations Manager of the Company. Mr. Reford was first elected to the Board in 1946, was appointed Vice-President in 1954, President in 1964 and Chairman earlier this year, and has presided over the company's affairs during its reactivation. His wise counsel and good judgment will be sorely missed.

H. G. GAMMELL,
President

THE CANADA NORTH-WEST LAND COMPANY (LIMITED)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	6 months ending June 30 1969	12 months ending Dec. 31 1968
Revenue		
Royalties	$ 78,188	$167,202
Production	41,549	52,222
Rentals	13,896	80,796
Investments	15,416	24,349
Other	15,596	–
	164,645	324,569
Expenses		
General and administrative	73,763	47,971
Production	22,174	27,572
	95,937	75,543
Operating profit before the following:	68,708	242,510
Deduct:		
Depletion	75,890	130,756
Depreciation	14,622	24,618
Income Taxes	–	27,000
Add:		
Gain on sale securities	84,562	–
Net Profit for the period	$62,758	$60,136
Shares outstanding	66,191	58,691
Cash flow per share	$2.32	$3.67